

FISCAL IMPACT STATEMENT ON BILL NO. **H3813**

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| TO: | The Honorable Robert Harrell, Chairperson, House Ways and Means Committee | | |
| FROM: | Office of State Budget, Budget and Control Board | | |
| ANALYSTS: | Allan Kincaid | | |
| DATE: | April 25, 2005 | SBD: | 2005435 |

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| AUTHOR: | Representative Harrell | PRIMARY CODE CITE: | 25-1-3235 |
| SUBJECT: | National Guard Pension Fund | | |

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

The proposed Bill transfers the administration of the National Guard Pension Fund from the Adjutant General's Office to the Retirement Division of the State Budget and Control Board. The Bill also requires the expenses of administering this fund be paid from the earnings of the National Guard Pension Funds.

EXPLANATION OF IMPACT:

According to the Retirement Division and the plan's actuary, for the National Guard Pension Fund to be actuarially sound requires an annual contribution of \$2,969,483 from the General Fund of the State. The Appropriation Act for Fiscal Year 2004-05 contains an appropriation of \$1,996,581 for the pension fund. The Appropriation Bill for Fiscal Year 2005-06 as passed by the House of Representatives and the Senate Finance Committee provides funding in the amount of \$3,942,385. This funding level covers the required amount for FY 2005-06 and also replenishes the \$972,902 FY 2004-05 funding shortfall.

Further, the proposed Appropriation Bill for Fiscal Year 2005-06 also includes an appropriation of \$300,000, of which \$250,000 is non-recurring, for the Retirement Division to transition the database systems from the Adjutant General's Office to the Retirement Division. The \$50,000 of recurring funds is to cover annual administrative and actuarial costs related to the National Guard Pension Fund.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Don Addy
Assistant Director, Office of State Budget